

Town of Southborough, Massachusetts

## AFFORDABLE HOUSING STRATEGIC PLAN



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**Affordable housing (noun):** Shelter, the cost of which does not exceed 30% of one's household income.

## **Purpose of the Plan**

This plan was written to provide a roadmap for the Town of Southborough's goal of providing affordable housing for all. This plan is intended to help the Town respond to its affordable housing needs in a proactive, creative manner. It is also intended to fulfill the requirements of 760 CMR 31.07: Planned Production Regulation.

## **Affordable Housing Plan Goals**

The Southborough Housing Opportunity Partnership Committee (SHOPC) was originally created in 1986 as an ad hoc committee to study affordable housing issues in Southborough. In order to further its mission, at the April 2004 Annual Town Meeting, SHOPC's responsibilities and mandate were expanded to include it as a permanent bylaw committee whose purpose is "...to study, promote, and act as facilitators to create affordable housing in the Town of Southborough." To that end, SHOPC's priority project is to produce an affordable housing plan that is reasonable given Southborough's current growth and land use conditions, but that also responds to the town's growing housing needs and lack of affordable housing opportunities for its residents.

MGL Chapter 40B §§ 20 through 23 provides a process for granting comprehensive permits for the construction of housing developments where at least 25% of the total units are subsidized low or moderate-income housing units that have long-term affordability restrictions. 760 CMR 45.01 defines low and moderate income as: household income, computed pursuant to DHCD guidelines, which does not exceed 80% of area median income based on household size as determined by HUD (\$66,150 for a family of four in Southborough). Very low income is defined as income that is at 50% or below the area median income (\$41,344 for a family of four in Southborough). Comprehensive permits, which may override local requirements and regulations, including zoning provisions, are granted by local zoning boards of appeals. In cities and towns where *less than 10 percent of total housing units are low or moderate income housing*, the denial of a comprehensive permit or the imposition of burdensome conditions in a comprehensive permit may be appealed to the state Housing Appeals Committee by a developer.

It is important for the Town to not only achieve 10% affordability, but to also provide housing opportunities for those households of moderate means: households earning 81% - 120% of the median income (\$65,000 - \$97,000 for a family of four). So-called "middle income families" are left out of the homeownership market due to skyrocketing real estate values, but earn too much to qualify for subsidized housing. Too often the argument promoting Chapter 40B housing for local police or firefighters, for example, is contradicted by the fact that their incomes are above the threshold and they do not qualify for this housing. Therefore, housing that is affordable for this income level is required as well. This plan offers strategies for creation of housing for families of all incomes, in order to continue Southborough's historic tradition of a small town comprised of a diverse array of households. We must balance the housing needs of all families.

### *Plan Relationship to 10% Requirement under MGL Chapter 40B*

The Town of Southborough's Subsidized Housing Inventory currently stands at 100 permanently affordable units, totaling 3.35%. This number includes the following units:

- 8 rental units located on North Street
- 56 rental units located at 49 Boston Road
- 2 rental units located on Framingham Road
- 4 ownership units located on Stockwell Lane and Fitzgerald Lane
- Credit for 30 rental units as part of the Fairfield Green at Marlborough 40B project located off Northborough Road (see attached agreement language)<sup>1</sup>.

To achieve the goal of 10% (approximately 300 units), Southborough must create an additional 200 units of affordable housing. Our goal is to exceed that calculation through creative planning and development of housing that adequately addresses the town's needs, while at the same time respecting Southborough's historic and rural character. Although an ambitious number of units, it is the goal of this plan to achieve planned production status by creating the equivalent of 0.75 of 1% of total year round housing units in low and moderate-income housing units (totaling 23 units) each year. Given the Town's recent residential construction trends, and our current zoning bylaw, this goal can only be achieved via multi-family housing through a combination of Town initiatives (see Strategies, p. 19) and Chapter 40B projects. If this schedule is successful, Southborough will reach the required 10% affordability requirement by 2015.

### *Current Efforts*

Although Southborough's Subsidized Housing Inventory (SHI) stands at 3.35%, it is important to recognize those efforts that expand housing options, but which may not qualify for SHI calculation. Reaching the 10% number is an important goal for all communities, but it is equally important to illustrate ways that provide housing for many others and not focus solely on this single requirement.

- Accessory Apartments. Southborough has permitted, by special permit, the construction of accessory apartments since 1979, and does not restrict their use to family members, as is done in many communities. To date, the Town has approved the construction of 31 accessory apartments, providing another valuable housing alternative.
- Two-family dwellings. Since 1991, Southborough has permitted, via Special Permit, the conversion of single-family homes to two-family dwellings. To date, the Town has permitted the construction of only one additional unit through this process. This is because converting a home into two separate dwelling units is difficult from a construction perspective. It is SHOPC's belief that allowing the construction of new two-family dwellings is a logical extension of this conversion bylaw and will encourage this type of development. (See Strategies, p. 19)

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<sup>1</sup> On July 2, 2004, the Town requested that DHCD update its SHI to include these additional units. To date, the Town has not been notified of the certification of these units.

- Tax abatement programs for seniors. As provided by MGL Chapter 59, since 1963 Southborough has provided exemptions to persons 65 years of age or older who satisfy certain whole estate or asset, annual income and residency requirements. This \$1,000 exemption for property taxes assists seniors with staying in their family homes. In 2004, 36 senior households have reduced their property taxes via this abatement program.
- Tax deferral program for seniors. Since 1963, income-eligible seniors have been able to apply for this program, which defers all property tax payments on their residence. As it is a lien on the property, these taxes must be paid back to the town before the property can be sold or transferred. In 2004, two senior households used this program.
- Staff housing for three private schools<sup>2</sup>. Southborough has three private educational institutions that provide housing in private residences, not dormitories, as part of staff and faculty compensation. This housing opportunity can be considered affordable as it allows staff to reside in Southborough homes that they would likely not otherwise be able to afford. The following summarizes these housing calculations:
  - St. Mark's School: 18 single-family homes; 10 duplex units; and 2 units in a two-family home totaling 30 dwelling units.
  - Fay School: 5 single-family homes; 6 duplex units; and 6 units in three-family homes totaling 17 dwelling units.
  - New England Center for Children: 5 single-family homes
- Inclusionary Zoning. The Town adopted changes to the Major Residential Development bylaw at the 2003 Annual Town Meeting. These changes require that any subdivision of eight or more units construct the equivalent of 12.5% as permanently affordable units. The bylaw includes a density bonus developed after many discussions with area developers. Therefore, we believe the provision is realistic and will result in the construction of affordable units.
- Affordable Housing Fund. Prior to the above-mentioned changes to the Major Residential Development bylaw, the existing bylaw required either affordable units on-site, or a contribution to the affordable housing fund. Five such projects have been permitted, and although only four affordable units were built (ownership units under the LIP Program in Stockwell Farms), to date the Town has collected \$175,000 for affordable housing. The final amount of affordable housing funds will total \$275,000 upon issuance of additional building permits. These funds will be proposed for the creation of affordable housing units (See Strategies, p. 20).
- Adoption of the CPA. In 2003, Southborough adopted the Community Preservation Act with a 1% surcharge on property taxes. This surcharge will generate (including an anticipated 100% state match) approximately \$380,000 per year. These funds can only be used for open space, historic preservation, and affordable housing projects. We anticipate seeking these funds to create affordable units (see Strategies, p. 20).
- Meetinghouse Farm. The Town is currently reviewing a comprehensive permit application for the construction of 29 ownership townhouse units, eight of which will be affordable under MGL Chapter 40B.

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<sup>2</sup> Information gathered from the Business Office of each institution by Town Planner, July 2004.

## Needs Analysis and Assessment

The Town of Southborough is located 25 miles west of Boston and 15 miles east of Worcester in eastern Worcester County, totaling 13.78 square miles. With nearly 25% of the town covered by the Sudbury Reservoir and its adjacent conservation lands, Southborough has retained a low-density rural/suburban character. If you travel in Southborough, chances are that quite often you'll find yourself driving across or past a reservoir. These tree-ringed reservoirs, complete with rock outcroppings, even a small island, here or there, do much to create the town's image as a quiet pastoral place.

Southborough is centrally located and crossed by Route 9, the Massachusetts Turnpike, and Interstate 495, as well as the Commuter Rail with a station off Southville Road, and the LIFT 7 Bus route. Other than the T and the LIFT bus, Southborough is not well-served by public transportation. Adding to the quiet rural charm of Southborough are numerous winding scenic roads, often shared with bikers, hikers and horses, and two prestigious private boarding schools that are part of a village center that has seen minimal change over the last century. Southborough does not provide public sewer, which, when combined with the reservoir, its tributaries, its associated buffer areas, and significant wetland systems, adds greatly to the difficulty of land development in Town. This is particularly problematic for higher density, multifamily projects.

Table 1. **Population**<sup>3</sup>

1990 Census	6,384
2003 Total Population estimate	9,400
% change	32% increase
<b>Households</b>	
1990 Census	2,188
2000 Census	2,928
% change	25% increase

Table 2. **Population by Race**<sup>4</sup>

White	95.05%
Black	0.58%
Asian or Pacific Islander	3.75%
American Indian, Eskimo, Aleut	0.06%
Other	0.60%

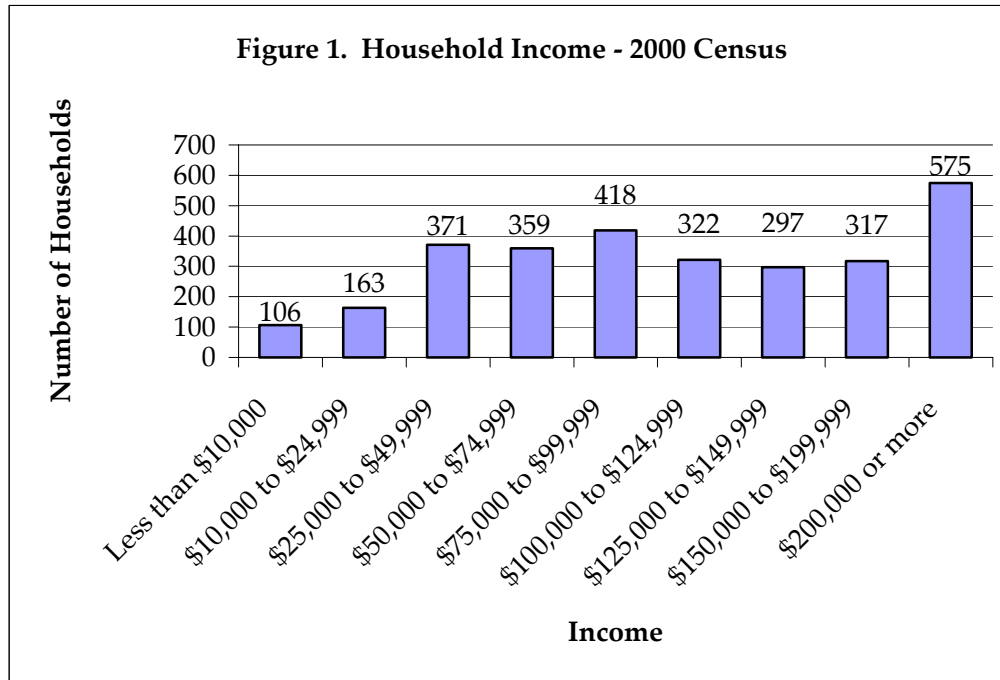
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<sup>3</sup> U.S. Census, 2000.

<sup>4</sup> Ibid.

Table 3. **Housing Units**<sup>5</sup>

Total Units	2,952
Owner-occupied	2,599 or 88%
Renter-occupied	353 or 12%
Average Household Size	2.99
Average House price <sup>6</sup>	\$502,500



Average Household Income	\$144,443
Median Household Income	\$102,986
<b>Per Capita Income</b>	<b>\$ 48,149</b>

Although Southborough's average and median household incomes exceed the Boston Statistical Area's median household income of approximately \$88,000, over one-third of our households are well below that figure.

<sup>5</sup> Ibid.

<sup>6</sup> MetroWest Economic Research Center, 2004.

## Zoning Constraints

Current zoning for residential uses allows, by right, single-family homes on one-acre and 25,000 square-foot lots. Conversion of existing single family homes into two-family is allowed by special permit as well.

Multifamily housing is only allowed by special permit at a maximum density of three units per acre, and only via the Town's Multi-family Housing for Elderly bylaw. In other words, multifamily housing is currently only allowed for seniors. The Town has permitted three senior housing developments totaling 182 units. None of the projects contain affordable units, as the by-law does not contain language to require permanent affordability. At the time of its writing, no one imagined that these multi-family units would become luxury housing commanding sales prices of over \$700,000. SHOPC is proposing changes to this bylaw to balance these projects and provide the affordable senior housing we need (See Strategies, p. 19).

One of the goals of this plan is to recommend changes to the zoning bylaw that will allow developments of varying size and design, making affordability goals more attainable. Because the Town's zoning is predominantly single-family of fairly large lot sizes, and because land values have skyrocketed in recent years, construction of homes available to households of moderate means is nearly impossible.

## Buildout Analysis

Table 4. **New Housing Starts**<sup>7</sup>

Year	Single-family Dwellings	Multifamily Units (55+)
1992	68	
1993	109	
1994	103	
1995	55	
1996	93	
1997	70	
1998	109	
1999	84	42
2000	48	5
2001	39	17
2002	39	43
2003	33	32
2004 (through June)	15	0
<b>Average</b>	<b>70</b>	<b>31</b>

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<sup>7</sup> Information provided by the Southborough Building Inspector, July 2004.



As shown in Table 4, annual construction of new housing units has significantly decreased since 1999. As the Town has reached its bylaw limit of multifamily senior housing units (capped at 7% of the total number of housing units), there is currently no possibility of additional units.

In 2000, the Southborough Planning Department undertook the task of establishing an estimate for a total town wide buildout. As with any buildout analysis, this estimate was influenced by numerous intangible factors that can influence the calculation. As mentioned above, the greatest influence on density in Southborough is the lack of a sanitary sewer system. Soil conditions and their ability to accept septic systems have kept development densities lower than what is allowed by zoning. Developments in the RB zoning district (25,000 square foot minimum lots) have been averaging between one and one and one-half acres per unit, while developments in the RA district (1 acre minimum lot size) are being built at a much lower density of about four acres per unit. This lower density is attributable to both site conditions and the marketing of higher-end homes that can justify or demand larger lots. Therefore, while technology may soon be providing economically feasible alternative sewerage disposal systems that could increase residential densities, it was assumed for the purpose of the buildout analysis, that the existing development patterns will continue in the future.

It is also important to remember that nearly 25% of Southborough's land area is unbuildable, due to the Sudbury Reservoir and its adjacent conservation lands. This limits the land available for construction, thereby putting additional development pressure on remaining buildable land. Moreover, the Town's consultant studying future needs for cemetery space concluded that 20 acres will be needed over the next 20 years to adequately respond to those space needs, further reducing available developable land upon which to construct housing units.

The buildout analysis results indicated a total of 950 additional housing units, which would add approximately 2,800 residents. The Metropolitan Area Planning Council's buildout analysis as part of Executive Order 418 calculated an additional 1,500 housing units. However, given the Town's lack of sanitary sewer and problematic soil conditions, we believe our calculation to be more accurate. In any event, if one presumes current statistics for new housing starts (see Table 4), taking into account recent construction, Southborough will reach buildout with an additional 720 housing units to be constructed in 20 years, or by 2025. As mentioned above, it is the Town's strategy to meet its affordable housing goal steadily as it approaches buildout, but to have our affordable units built before buildout.

It should be noted that the buildout analysis does not account for the potential of construction under Chapter 40B. Clearly, should housing units be built at the density standard of eight units per acre used by the Department of Housing and Community Development, a density far greater than that allowed by zoning, the potential buildout of Southborough will be much greater. A buildout analysis only presumes construction permitted as allowed by zoning, but the possibility of Chapter 40B projects is always available, as well as the additional units built via the zoning strategies (see p. 19).

## Access to Housing

The cost of living in the MetroWest CCSA (comprised of the towns of Ashland, Framingham, Holliston, Hopkinton, Natick, Sherborn, Southborough, Sudbury, and Wayland) has increased by 2.8% each year since October 1991. In that same time period, the cost of housing increased at an average rate of 3.8% per year. In the period from October 1997 to April 2004, however, that rate has been 8.3% per year<sup>8</sup>. This was primarily the result of a large increase in the price of new homes. In October 1997, the new home priced for the MERC cost of living survey cost \$246,900; in April 2004, the same house cost approximately \$525,000. This has resulted in an 81.3% increase in the average mortgage payment.

The overall cost of living in MetroWest is approximately 40% above the national average in October 2003 (*American Chamber of Commerce Researchers Association and MERC*). The highest sub-index in this ACCRA study was the Housing Index. Its value of 191.3 implies that October 2003 housing costs in MetroWest were almost double the national average.

## *Homeownership*

The median price of an existing single family home sold in Southborough in 2003 was \$502,500<sup>9</sup>. This price is nearly double the median price of a home sold in 1992. Unfortunately, the alternative of a condominium does not create a more affordable housing choice. The median price of a condominium in Southborough in October 2003 was more than \$545,000<sup>10</sup>.

Based on the median household income in Southborough (\$102,968), home ownership is not a viable goal for most new homeowners. The monthly income available to a household earning the median income for housing costs is \$2,574. Based on the Fannie Mae True Cost Calculator<sup>11</sup>, that same household can afford a mortgage of approximately \$400,000. According to the June 26, 2004 real estate listings for Southborough, of the eighty-three homes listed, there were just fourteen homes available at or below that asking price. The lowest asking price in Southborough was \$280,000 for a home that required major renovation and reconstruction. Based on the calculation of paying no more than 30% of the monthly income for housing, that particular home would be affordable to a household earning \$64,800 per year.

However, the analysis of household income paints a bleak picture for renters seeking to purchase a home in Southborough. The median income of renter households in Southborough is approximately \$38,000. The total income available for paying principal, interest, property taxes, and insurance is \$950. This translates into a purchase price of approximately \$160,000. Approximately 74% of renter households in Southborough cannot afford to purchase the least expensive home on the market

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<sup>8</sup> Metrowest Economic Research Center (MERC), 2004

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> General calculations assume a 30-year fixed mortgage with an interest rate of 6% ([www.fanniemae.com](http://www.fanniemae.com)).

today. Clearly, renters in Southborough do not have very much purchasing power as prospective first-time homebuyers.

Table 5. 2003 Home Sales<sup>12</sup>

Number sold	Price Range
5	under \$299,999
25	\$300,000 - \$399,999
15	\$400,000 - \$599,999
39	\$500,000 - \$699,999
24	\$700,000 - \$899,999
17	\$900,000 and up
<b>125</b>	<b>Total homes sold</b>
Average sales price	\$634,315.00
Average list price	\$651,928.00
Average mkt time	65 days

As Table 5 illustrates, homeownership opportunities for households earning less than the area median income are few. As described in the next section, rental opportunities and the transition to homeownership are equally problematic.

## Rental Housing

### *Characteristics of Supply*

Of the total number of housing units in Southborough, 353, or 12%, are rental units. This low percentage indicates a need for more rental housing in Southborough. Massachusetts as a whole has 38.3% renter occupied housing. The majority of rental units are attached units (221) as compared to single-family homes (132). As summarized in Table 6, Southborough's rental housing is comprised of older rental stock, with no new units built after 1990 and more than one-half constructed before 1960. This indicates a dependency on aging structures for rentals. These aging structures are more likely to have lead paint, code violations and sub-standard conditions. Table 6 shows that Southborough's pattern is similar to the State as a whole, with the exception of the 1980's when Southborough built more rental units than most other communities. These units at Colonial Gardens, subsidized housing owned by the Housing Authority, account for most of the rental units built in the 1980's.

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<sup>12</sup> Town of Southborough Assessors office, 2004.

Table 6. **Rental Units by Year Built**<sup>13</sup>

Year built	1990-2000	1980-1989	1970-1979	1960-1969	1950-1959	Pre-1950
Number of rental units	0	78	43	38	21	163
% of total rental units	0%	22%	12%	11%	9%	46%
State-wide	4%	9%	15%	12%	11%	49%

The only subsidized rental units in Southborough are the 66 units owned by the Housing Authority, 18.7% of the Town's 353 renter occupied units. The percentage of rental housing in single-family homes in Southborough is much higher than the figure for Massachusetts as a whole. Southborough has 132 renter occupied units in single-family homes, 37% of the Town's total 335 units. For the State as a whole the figure is 9.6%. This indicates that, by comparison, Southborough has limited multi-family rental options, a limitation that is created by restrictions within the zoning bylaw, as mentioned earlier.

Census figures from 2000 show that Southborough has a need for more studio and one-bedroom rental units, to serve one- and two-person renter households. Southborough has 154 one-person households, and 94 two-person households, but has only 10 studio and 124 one-bedroom rental units. This indicates a deficiency in studio and one-bedroom units when compared to household size. Therefore, the Town ought to encourage more development of these unit types to meet demand. Complete census figures for Southborough are shown in Tables 7-8.

Table 7. **Distribution of Household Sizes**<sup>14</sup>

Household size	Number
1 person	154
2 person	94
3 person	43
4 person	34
5 person	16
6 person	12
7 person	0

Table 8. **Rental Unit Characteristics**<sup>15</sup>

Unit	Number
Studios	10 units
One-bedroom	124 units
Two-bedroom	80 units
Three-bedroom	77 units
Four bedroom	48 units
Five+ bedrooms	14 units

<sup>13</sup> U.S. Census, 2000.

<sup>14</sup> U.S. Census, 2000.

<sup>15</sup> Ibid.

### *Profile of Renters and Rental Demand*

The total vacancy rate for rental units is 2.75%, indicating an extreme lack of choice for renters and increasing rental costs. As the vacancy rate is approximately one-half the benchmark indicator of 5%, it is apparent that Southborough can support additional rental units. The state average for rental vacancy is 3.7%.

Of Southborough's 353 renter occupied units, 294 were included in census information on how much income renters earn. The figures show that 44.9% of the renters included in the figures pay over 30% of their income on rent. All of these have household incomes of less than \$75,000, and almost one-half have incomes under \$20,000. This figure suggests two key pieces of information: 1) that more rental housing is needed; and 2) most of Southborough's renters who pay over 30% of their household income on rent would qualify for subsidized affordable rental units.

Of households paying more than 30% of household income for rent:

- 22 household earn less than \$10,000 income.
- 42 households earn between \$10,000 and \$19,999.
- 28 households earn between \$20,000 and \$34,999.
- 18 households earn between \$35,000 and \$49,999.
- 22 households earn between \$50,000 and \$74,999.
- No household earning over \$75,000 pays more than 30% of its income for rent.

The median gross rent in Southborough in 2000 was \$913 per month<sup>16</sup>. This figure is lower than market rate rents for that year because it includes subsidized rents and rents paid by renters who have lived in the same rental long-term. Census figures for the 305 renters who pay cash rent show the following median rents for units of various bedroom numbers:

- Studio: \$750-999. Southborough has 10 studios.
- One-bedroom: \$500-749. Southborough has 124, including 56 subsidized units in Colonial Gardens.
- Two-bedroom: \$750-999. Southborough has 60 units.
- 3+ bedrooms: \$1000 or more. Southborough has 111 units.

The majority of renters in Southborough have lived in their units between two and twenty years (66%), with just over one-quarter, or 26%, having lived in their units in excess of six years. This number may be attributable to the subsidized senior rental community that is managed by the Southborough Housing Authority.

Southborough renters are mostly young, with 71% under the age of 45. Of this group, 39% are ages 25-34 and 28% are ages 35-44. Only 8% of renters are ages 45-50. At the other end of the scale are those ages 60 or older, comprising 22% of all renters. This age distribution indicates a need for housing for young renters before they enter the homeownership market, and then a secondary need for senior rental housing. Anecdotal information indicates a need for affordable rental senior housing

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<sup>16</sup> U. S. Census, 2000.

as an option to remaining in Southborough, but not continuing the responsibility of homeownership. The availability of rental senior housing, or even a condominium alternative, could create an enlarged market of existing single-family homes for households seeking an ownership opportunity.

Because Southborough has so few subsidized housing units, once they are occupied, the households rarely move. The waiting list for seniors to enter the restricted subsidized housing is continuously updated. The Director of the Housing Authority has stated that there seems to be no serious issue with the length of the waiting list, nor amount of time one waits to get housing, which is typically six to ten months. However, Southborough has only two open subsidized units (no restrictions other than income), for which the waiting list is extremely long.

#### *The relationship of rent to local wages*

With the median gross rent in Southborough at \$913, and using the HUD 30% guideline, a worker must earn at least \$3,043 per month, or \$36,520 per year in order to afford this median rent.

Wage statistics for some of the more common area jobs are listed below in Table 9. The wages cited are from a 2001 DET study of Occupational Employment and Wage Statistics (OES). They cover the Metropolitan South/West WIA (Workforce Investment Area), which includes Southborough and neighboring communities.

**Table 9. Representative Wages and Income for Housing<sup>17</sup>**

<b>Occupation</b>	<b>Median Annual Wages</b>	<b>Median Monthly Wages</b>	<b>Monthly \$ Available for Housing @30%</b>
Accountant or Auditor	\$52,995	\$4416	\$1325
Computer Programmer	\$67,488	\$5624	\$1687
Electrical Engineer	\$77,207	\$6434	\$1930
Elementary School Teacher	\$50,215	\$4186	\$1255
Registered Nurse	\$48,293	\$4024	\$1207
Dental Assistant	\$29,806	\$2484	\$745
Police Officer	\$44,002	\$3667	\$1100
Food Preparation Worker	\$18,286	\$1524	\$457
Retail Salesperson	\$19,369	\$1614	\$484
Carpenter	\$47,213	\$3934	\$1180
Auto Mechanic	\$34,674	\$2890	\$867
Delivery Truck Driver	\$30,674	\$2566	\$767

From a rental standpoint, given that the median gross rent in Southborough is \$913, it is clear that only highly skilled workers, most of whom are likely college educated, could afford to rent (or, for that matter, purchase a home) in Southborough.

<sup>17</sup> Massachusetts Department of Employment and Training, 2004.

### *Senior Housing Needs*

There are 56 Units at 49 Boston Road (Colonial Gardens) that are subsidized senior homes managed by the Southborough Housing Authority; non-seniors with disabilities occupy 10 of these units. Additionally, there are three senior housing communities in Southborough, built under the town's Multifamily Housing for the Elderly bylaw totaling 154 units (Southborough Meadows, Admiral's Glen, and Carriage Hills). Two other projects have been built in Southborough as conventional subdivisions, but they included units for seniors permitted via the Multifamily Housing for the Elderly bylaw. These are: the Wildwood development, which has twenty-four units designated for seniors, and Fiddleneck Lane, which has four units dedicated to seniors as well. Outside of the senior units at Colonial Gardens, none of these senior units are subsidized or affordable, with purchase prices ranging from a low of \$350,000 to a high of over \$800,000.

Information from the Southborough Senior Survey<sup>18</sup>, conducted by the Southborough Council on Aging, calculated that there are 1204 seniors living in Southborough aged 60 and over. Of these seniors, the survey states that there are 898 homes owned by citizens aged 60 and over, and 573 are owned by seniors aged 65 and over. Of the 214 responses, (a 23% response rate), 183 were 65+. Based on the responses, the survey also concluded that senior homeowners pay 12.1% of their income on property taxes, whereas all other homeowners pay less than 6%. This statistic indicates an opportunity for creative incentives to both promote long-term affordability and to give seniors assistance with their property tax payments.

The 2000 Census records seniors living with the following limitations:

- Sensory: 86
- Physical: 100
- Mental: 49
- Self care disability: 41
- Go outside the home for care: 93

We can document that 50 seniors live in subsidized housing in Southborough. The Southborough Senior Survey of 2004 shows that 53% of Southborough seniors have an income of below \$35,000, and that 34% of these seniors have an income of less than \$25,000. Further, there is ample anecdotal information, particularly from the 2004 Senior Survey that shows a definite need to assist the elderly in Southborough. This is apparent in comments stating that many seniors anticipate moving out of Southborough, where they have lived for decades, due to the extremely high cost of living, particularly property taxes.

### *Special Needs Housing*

Special needs housing is a general term that covers a wide range of special housing needs, such as people with mental retardation or mental health disabilities, people in alcohol or drug recovery,

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<sup>18</sup> Survey sent in February 2004 and information compiled in March 2004 by the Southborough COA.

victims of domestic violence, and people who need specialized housing because of physical needs or programmatic needs, to name a few.

The 2000 U.S. Census records Southborough residents living with the following disabilities:

- One or more disabilities: 1,029
- Sensory disability: 437
- Physical disability: 528
- Mental disability: 508
- Self care disability: 505
- Go outside the home for care: 459
- Employment disability: 502

According to the Department of Mental Health, Southborough has one residence which houses eight people with persistent mental illness. However, 2.5% of the population of Southborough has serious and persistent mental illness, totaling approximately 240 people. Clearly, the Town of Southborough has a lack of housing for people with mental illness. As a result, these people drift into Framingham and Marlborough, searching for low-income housing that can assist them by providing services. The need for low-income housing is great, as these people typically earn less than \$700 per month.

According to the Massachusetts Accessible Housing Registry, there are no vacant accessible apartments available in Southborough. All three of the known accessible apartments in Southborough are owned and managed by the Southborough Housing Authority, where 12 disabled people reside. Clearly, the town must make efforts to create additional accessible housing that is affordable. SHOPC has consistently requested that affordable units in Chapter 40B projects be universally designed, to allow for straightforward retrofit for handicapped accessibility.

### Conclusion to Needs Assessment

Affordable housing in Southborough, both for renters and those seeking home ownership, is far out of reach for many. The Housing Needs Assessment clearly shows a critical need for affordable housing of both categories.

A diverse housing stock, comprised of single-family homes (particularly small lot), duplexes, condominiums, and multi-family rental units must be provided for all areas of need, both ownership and rental to reflect basic requirements and to provide choice. Affordable housing must be made available for seniors (both active and those in need of assisted-living care), families, young people and young couples, those with special needs or disabilities, and everyone in between. The strength of a community is apparent when people of all ages and income ranges can live and work there.

Very little affordable housing is currently available in Southborough, and those units that are affordable rarely become vacant. A range of affordable housing options that accommodates many kinds of populations and their housing desires and that preserves our historically rural small town character is our goal. The next section describes the many ways in which we believe we can achieve this goal of a diverse range of affordable housing alternatives to provide CHOICE for all.



## **Southborough Affordable Housing Philosophy**

### **1. Maximize local control over the development of affordable housing.**

This will also be accomplished by taking a proactive approach, by establishing locally directed initiatives, by clearly articulating a strong vision for what we want, and by our willingness to take the necessary steps to achieve that vision.

### **2. Provide affordable housing for several key population segments. The target segments include; retired seniors and 55+ active adults, families, young people, people with special needs, and Town employees.**

Housing should include a mixture of single-family homes, condominiums and apartments with both ownership and rental units at affordable rates. The percent allocation between Senior and family units, ownership vs. rental will change over the years.

### **3. Affordable housing projects will be designed and built in accordance with the standards typical in Southborough and that are fitting with our culture and character.**

- Height limitations and construction style of all buildings must be in accordance with the standards set by other buildings in Southborough
- No clear-cut properties
- No cookie cutter, mass-produced units.
- Housing that reflects the rural character of the Town

### **4. Density target for affordable housing developments:**

Current single-family house lot size requirements are one-acre and 25,000 square feet. The density targets are the number of units in an affordable housing project per buildable lot of land on a given site.

- Single Family Homes: 3 dwelling units/acre
- Town House/Condominiums: 6 dwelling units/acre
- Apartments (garden-style/multi-level structures): 8 dwelling units/acre

### **5. Affordable Housing will be inclusive, diverse and evenly distributed throughout all of Southborough.**

Affordable housing in Southborough will not be located in one part of Town, nor in one project, nor in any way excluded from the mainstream of our community. SHOPC will promote mixed-use developments and will site affordable housing developments throughout the geography of the Town.

### **6. Negotiations with developers over comprehensive permit (Chapter 40B) or local initiative projects will seek to provide for:**

- A level of local preference
- Affordability in perpetuity through deed restrictions and/or rental guidelines
- Universal design of units to accommodate handicapped accessibility
- Monitoring and reporting to the Town by the development regarding ongoing affordability

- Local legal review of regulatory and monitoring agreements and documents
- A minimum of 25% affordable units, a maximum of 50% affordable units, and a target of 35% affordable units.
- Infrastructure or other benefits to the Town

## **7. Southborough affordable housing stock will provide for middle, moderate, and low-income households.**

Affordable housing with respects to Chapter 40B is defined as affordable to those who earn at or below 80% of the median area income (\$66,150 for a family of four), with low income defined as at or below 50% of the area median income (\$41,344 for a family of four). For the purposes of this plan, we define middle income as households earning 81% - 120% of the median income (\$65,000 - \$97,000 for a family of four).

Critical decisions about affordable housing projects should be made by a diverse group of informed citizens in the community. Membership of SHOPC will be diverse, committed, and informed to provide the leadership the Town needs to meet this challenge. All potential affordable housing projects must be reviewed, analyzed and assessed based on these guiding principles and on the potential financial impact to the community. A clear set of guidelines for this review process will include an assessment of the social, municipal, environmental and financial impacts of the proposed project.

## **8. Use Restrictions**

The affordable housing projects in Southborough require that affordability be maintained through deed restrictions. Deed restrictions for rental projects require long-term affordability, usually in perpetuity. The deed restriction for homeownership projects also require long-term affordability, usually in perpetuity, and also include resale provisions, which ensure that units will remain affordable to the targeted income group and be resold to households within the eligible income limits (please refer to Attachment A for a deed restriction, regulatory agreement, resale policy, and declaration of restrictive covenants currently in place for the Stockwell Farms (The Highlands) LIP units in Southborough).

## **Strategic Action Plan for Creating More Affordable Housing**

These strategies are organized by timeframe: short-term (1-2 years); mid-term (2-4 years); and long-term (4-6 years). These timeframes are loosely organized around Town Meeting scheduling, when zoning bylaw changes can occur.

### *Short-term*

#### **Allow duplexes by special permit**

Include a zoning bylaw that would permit construction of duplex housing by special permit. The town presently only permits construction of multi-family dwellings under the Major Residential Development and under the Multifamily Housing for the Elderly, both of which require a special permit. The town also allows conversion of an existing building to a two-family dwelling, again by special permit. By including new construction of duplex housing in our bylaw, the cost of building could be shared by the two participating families, making home ownership a more affordable goal for many. High land costs are thereby mitigated by allowing increased density.

#### **Encourage and allow mixed-use in BV district**

Revise the zoning bylaw for the BV Business Village District to permit mixed-use construction, i.e. a mix of business and residential. The BV District is located in three key areas of Town: 1) the downtown area near many municipal offices, commercial services, the LIFT transit service, and a medical facility; 2) the historic Cordaville area, adjacent to the MBTA Commuter Rail station; and 3) the historic Fayville area adjacent to a portion of Route 9, including Fayville Hall, and a playground area.

A typical scenario might have businesses located on the first floor of a building with apartments on the second floor. This would help to expand our rental housing which has not had any addition to the stock since 1989. Residents could benefit from easy access to the local commercial establishments, reducing dependence on the automobile. This would be in keeping with the Governor's plan for Smart Growth in Massachusetts (encourage higher density, multi-family housing within areas already served by commercial and transit services). Of particular interest is the BV zoning district adjacent to the MBTA Commuter Rail station off Southville Road.

#### **Revise the Multifamily Housing for the Elderly bylaw**

Surveys show that a significant number of Southborough's fixed income elderly are having difficulty staying in their homes. Rising taxes are one cause of this problem. Many would like to move to condominiums or rental units in Southborough if these were affordable for them. Therefore, we would revise the language in the existing Multi-family Housing for the Elderly bylaw to require affordable units and to provide for a range of affordability in every development. Incentives will be offered to developers as needed to make the bylaw productive. The presently existing cap on new units will be raised to permit new construction.

### **Town action on tax title properties**

As a matter of policy, whenever the Town of Southborough gains a property via the tax title process, Selectmen will give first priority to consideration of the use of that property for affordable housing. SHOPC, the Southborough Housing Authority, Habitat for Humanity, or another non-profit developer of affordable housing will be given an opportunity to propose affordable housing plans for the property. The Town will also develop an RFP process, together with specific design and development criteria, for the construction of housing on Town-owned land.

### **Encourage rental projects in 40B proposals**

Based on the conclusions of the needs assessment, there is a lack of rental housing in Southborough. To address this current need, we will work with developers to encourage rental proposals rather than ownership units. The 40B project the Town is currently reviewing is an ownership proposal, so we would like to see a similar project of rental units. There is also the added benefit of full credits towards our 10% goal, but the primary drive is to create rental units that our needs assessment confirms that we need.

### **Encourage affordability in existing units**

Investigate options of encouraging long-term affordability within units that are already in place (see Current Efforts, p. 4). Examples include: faculty housing at our private schools, accessory apartments, etc. Perhaps agreements can be reached to include deed restrictions on these existing units, which are likely affordable today. Long-term affordability is a major goal in this endeavor, and there may be opportunities to include such a restriction on some existing units.

### *Short-Mid Term*

### **Effectively utilize CPA and local affordable housing funds to create affordable housing**

As described earlier in this report, the Town has access to funds for affordable housing via the CPA fund as well as the local affordable housing fund. These funds can be used in many ways, such as:

- Purchase of existing multi-family homes to create affordable rental housing units to be administered by the Housing Authority;
- Buy-down of existing housing to provide permanently affordable ownership units;
- Use of funds to construct septic systems for affordable housing built by Habitat for Humanity or other affordable housing non-profit organizations;
- Use of funds as matching funds to form partnerships with affordable housing non-profit organizations to create affordable housing units.
- Use of funds as seed money for housing rehabilitation program (see discussion below);
- Work with Department of Mental Health and its provider network to create housing for people with persistent mental illness;
- Purchase of deed restrictions to create permanent affordability for seniors.

We anticipate seeking grant monies for a consultant or other technical assistance to assist us in determining feasibility and then developing these programs.

## *Mid-Term*

### **Revise the zoning bylaw to allow new or renovated multi-family housing by special permit**

The Southborough zoning bylaw currently does not allow for any multi-family housing. We believe the appropriate first step in changing this language is to allow newly constructed, or renovated multi-family housing in all zoning districts by special permit. The special permit process will ensure that projects are constructed in a manner that compliments the surrounding neighborhood. In buildings/developments of four or more units, at least one unit will be required to be affordable, using the definition provided by DHCD. In larger multi-family buildings a minimum of 12.5% of the units must be affordable, and a range of affordability will be provided for low, moderate, and middle<sup>19</sup> incomes. This provision of multi-family housing for all age groups will diversify Southborough's housing stock both for owners and renters. Further, it will allow for smart growth development.

### **Encourage in-fill development and development on non-conforming lots to promote more clustered development**

Rather than promote sprawl development on large tracts of undeveloped land, the Town will encourage, and work with developers, to construct smaller projects on in-fill lots. This will cluster development around existing utilities and services and better respond to smart-growth principles. A specific bylaw will be researched to address this objective; certain restrictions shall apply (minimum land area, maximum structure size, etc.) but the goal shall be to work with a special permit process to allow non-conforming lots to be used for affordable housing. It will also be a less expensive type of development for the developer, helping us to construct homes of a more modest size and cost.

## *Long-Term*

### **Encourage commercial projects to include a housing component**

While large-scale commercial projects provide jobs and revenue to a community, we must not forget that those workers must also live somewhere. One way to address the housing and transportation issues simultaneously is to encourage "live where you work" initiatives. No project exists in a vacuum. Therefore, it is important for each project to also consider the ramifications of its construction, and traffic is always at the top of the list. From a regional perspective, it would seem that the more local trips generated reduces the impact of these workers on the larger area's roadway network. Put another way, we are all better off if employees need only drive a few miles, or even walk, to work than spending countless hours commuting from long distances.

### **Re-use of commercial buildings**

The market for commercial office space has decreased over the last few years, and is in a slow recovery. The Town will research the potential re-use of these vacant buildings, as loft apartment space and/or live-work space. This strategy serves a number of purposes. Not only does it provide much-needed housing, it also is an effective re-use of existing space, rather than development of

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<sup>19</sup> As noted on page 3, we define middle income as households earning 81% - 120% of the median income (\$65,000 - \$97,000 for a family of four).

“green” land (previously undeveloped land, such as farmland or wooded areas). The notion of allowing live-work loft space is a way of providing housing, while at the same time reducing commuter trips that create such traffic problems on our roadways. This creative use of existing space is a response to the Governor’s Smart Growth goals and objectives.

### **Housing rehabilitation program using local affordable housing funds**

In order to assist income-eligible households with work needed on their home, we will research the feasibility of using local affordable housing funds for a housing rehabilitation program. The loan would be in the form of a 0% interest deferred payment loan. Loans would be paid back based on a percentage of the total amount borrowed and the year the owner transferred or sold the property. This loan may be used to upgrade property and eliminate serious or potential hazards to health and safety. Applicants must be income eligible. Households are eligible for rehabilitation assistance if they earn less than 80% of area median income.

### **Use Restrictions**

The affordable housing projects in Southborough require that affordability be maintained through deed restrictions. Deed restrictions for rental projects require long-term affordability, usually in perpetuity. The deed restriction for homeownership projects also require long-term affordability, usually in perpetuity, and also include resale provisions, which ensure that units will remain affordable to the targeted income group and be resold to households within the eligible income limits.

### **Next Steps - Conclusion**

Providing housing that is affordable for a diverse range of households is a unique challenge, a responsibility that cannot rest solely on the open real estate market and private development. Sadly, for many, the market remains very active in Southborough for large homes whose purchase price is out of reach for both newcomers and those seeking to downsize into smaller homes or condominiums. Likewise, the rental housing market is small and consistently occupied with a vacancy rate of less than three percent.

The Town of Southborough, like many other communities in Massachusetts, has zoning and land use regulations that cannot provide affordable housing in a real estate market that is so strong. Land values are simply too high to create affordable housing within the parameters of the current zoning code. Therefore, the Town must rise to the challenge of creating a land use policy that both encourages a wide range of housing types while maintaining the growth and development goals of the community as a whole. We can see solid examples of this kind of uniquely designed, higher density development throughout the country: creative construction that carefully fits within its neighborhood context, adds to our established community character, and promotes a diversity of architecture and citizenry that is the historic basis of our Town. These examples and the state-of-the-

art in land use and zoning are the keystone to addressing our housing and overall community planning goals.

Based upon the housing needs assessment, we believe that the aforementioned strategic zoning, policy changes, and housing philosophy, will expand our options in developing housing (and commercial, mixed-use projects) that assists us in achieving our 10 percent status. These changes will be proposed and debated at Town Meeting, with the assistance of housing and planning experts to ensure that the best language is crafted to meet our goals and objectives.

More importantly, these changes broaden our perspective and challenge us to see housing development and land use perhaps differently than in the past. Southborough is changing, and has changed, in many ways, particularly since 1990. By defining our land use policy in such a way as to respond to current and future needs, and preserve our sense of place, we take huge steps to strengthen our community and sustain our heritage and quality of life that has made Southborough so appealing and welcoming.

Our neighborhoods and town express what we value. They frame our public discourse and connect us to each other. As a community and, by implication, as a society, we stand to lose a great deal if our choices concerning planning and land use turn out to be misguided. But we stand to gain so much more if we plan and build wisely.

## ATTACHMENT A

Local Initiative Program (LIP):

Deed restriction, regulatory agreement, resale policy, and declaration of restrictive covenants currently in place for the Stockwell Farms (The Highlands) LIP units.